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DEPARTMENT FOR EUR/SE
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SUBJECT: AMBASSADOR WILSON MEETS WITH CARGILL
REPRESENTATIVES

Sensitive but Unclassified. Please protect accordingly.

¶1. (SBU) Summary. Van Yeutter, Director of International Business Development for Cargill, Inc., and Mustafa Sayintac, CEO of Cargill-Turkey, told Ambassador and CG officers on June 7 in Istanbul that Cargill-Turkey's largest factory, which was ordered to close down last year, remains open pending a Constitutional Court ruling on a law passed earlier this year that legalized the plant's location on protected agricultural land. End summary.

BACKGROUND ON CARGILL AND ITS ORHANGAZI PLANT

¶2. (SBU) Cargill, Inc. is an international provider of food, agricultural and risk management products and services with over 150,000 employees in 66 countries. The company is based in Minneapolis and maintains its Turkey head office in Istanbul. Cargill-Turkey operates three factories in the country. Its largest, a corn sweetener plant in Orhangazi, was ordered to cease operations in 1996 after it was deemed to have been built on protected agricultural land. Cargill challenged the order in court and after eight years of litigation, the Administrative Board of the High Court of Appeals upheld the decision to shut down the Orhangazi plant.

¶3. (SBU) The Turkish parliament passed a bill on November 24, 2006 that would have granted Cargill-Turkey and several thousand other companies amnesty, but the bill was vetoed by President Sezer two weeks later. Parliament overruled the veto in a second vote on February 1, 2007, but on February 9 Sezer exercised his prerogative to refer parts of it to the Constitutional Court for review. A final judgment in this case is still pending.

DISCUSSION

¶4. (SBU) Yeutter said he was sent to Istanbul to examine possible options for a resolution of the Orhangazi issue. He noted that chances of a legal judgment in favor of Cargill-Turkey are "very slim." The company expects further challenges from NGOs in local courts and from local government officials. Because Cargill has been unable to make any headway on the legal front concerning the Orhangazi issue, the company is hoping to reach a political solution to it.

¶5. (SBU) Yeutter said that if the plant is forced to close, Cargill would institute international arbitration proceedings against the Turkish government and expressed confidence that the company would win such a case.

16. (SBU) Comment: The AKP government has been supportive of a resolution of the legal case favorable to Cargill. Given that Turkey is currently in the midst of an election campaign, an aggressive intervention by the government in the court case seems unlikely. Ambassador also recommended that Yeutter and Sayintac reach out to opposition political parties that could become more influential following the elections. End Comment.

JONES